State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Inspection Report

Representatives Present During the Inspection:	
OGM	Priscilla Burton Environmental Scientist III
OGM	Pamela Grubaugh-Littig Environmental Manager
Company	Patrick D. Collins Resident Agent

Permit Number:	**C0070012**
Inspection Type:	COMPLETE
Inspection Date:	Tuesday, December 20, 2005
Start Date/Time:	12/20/2005 1:00:00 PM
End Date/Time:	12/22/2005 1:30:00 PM
Last Inspection:	Wednesday, November 30, 2005

Inspector: Priscilla Burton, Environmental Scientist III

Weather: sun, 50's

InspectionID Report Number: 828

Accepted by: whedberg
1/13/2006

Permitee: **NEVADA ELECTRIC INVESTMENT CO**
Operator: **NEVADA ELECTRIC INVESTMENT CO**
Site: **WELLINGTON PREPARATION PLANT**
Address: **330 E 400 S STE 6, PO BOX 337 SPRINGVILLE UT 84663**
County: **CARBON**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

1,573.50	**Total Permitted**
392.00	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- ☐ **Federal**
- ☐ **State**
- ☐ **County**
- ☑ **Fee**
- ☐ **Other**

Types of Operations

- ☐ **Underground**
- ☐ **Surface**
- ☑ **Loadout**
- ☑ **Processing**
- ☐ **Reprocessing**

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

Legal & Financial information reviewed in Salt Lake Office on Dec 20 with Pam Grubaugh-Littig. Continued on December 22nd with the records review at the PFO and a site inspection. Present during the site visit were Kurt Jensen and Paul Crespin from the Union Pacific Railroad. There is 3.0 ft of water in the dryer pond. The current flow into the dryer pond may be due to the inadvertent removal of a section of buried pipeline during reclamation of the River pumphouse. The Permittee must update AVS information and update the Map E9-3341 to provide a legend and show the buried clear water pipeline and the remaining foundation of the plant pumphouse. The Permittee will monitor the quantity of flow into the dryer pond and take a sample for quality during the next regular water monitoring time.

Inspector's Signature: /S/ **Date** Thursday, December 22, 2005

Priscilla Burton, Environmental Scientist III
Inspector ID Number: 37

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	☑	☐	☑	☐
2. Signs and Markers	☑	☐	☐	☐
3. Topsoil	☑	☐	☐	☐
4.a Hydrologic Balance: Diversions	☑	☐	☐	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☑	☐	☑	☐
4.e Hydrologic Balance: Effluent Limitations	☑	☐	☑	☐
5. Explosives	☐	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☑	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☑	☐	☑	☐
8. Noncoal Waste	☑	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☑	☐	☑	☐
10. Slides and Other Damage	☐	☑	☐	☐
11. Contemporaneous Reclamation	☑	☐	☑	☐
12. Backfilling And Grading	☐	☑	☐	☐
13. Revegetation	☐	☑	☐	☐
14. Subsidence Control	☐	☑	☐	☐
15. Cessation of Operations	☑	☐	☑	☐
16.a Roads: Construction, Maintenance, Surfacing	☑	☐	☑	☐
16.b Roads: Drainage Controls	☑	☐	☑	☐
17. Other Transportation Facilities	☑	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☐	☐
19. AVS Check	☑	☐	☑	☐
20. Air Quality Permit	☑	☐	☐	☐
21. Bonding and Insurance	☑	☐	☐	☐
22. Other	☑	☐	☐	☑

1. Permits, Change, Transfer, Renewal, Sale

The Mining and Reclamation Permit was issued 12/10/2004 to Nevada Electric Investment Corp., Nevada (corporate offices in both Reno and Las Vegas). The permit expires in 2008.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

Pond certifications were done on August 22 for the 3rd quarter and on October 26 for the 4th quarter. The 4th quarter report indicates that the Dryer Pond contained 3.0' of water. (Last year in December, the Dryer Pond had 1.3 ft. of frozen water). The Dryer pond sediment level is within 1.3 ft of clean out level. There is 3.0 ac ft. of capacity remaining in the pond (compared with 4.1 ac ft last December, see 2004 Annual Report). The current elevation of the pond water is 5,332 ft. (based upon measured sediment elevation + water depth).

Flow continues into the pond through the cement culvert. The flow is approximately 2 gal/ min. of clear water. This water flow will be sampled for quality parameters during the next routine sampling.

Kurt Jensen (Operations unit of the Union Pacific Railroad) checked the maps and profiles on record in Helper and did not see the location of the buried culvert on any railroad maps, although the old (cement plugged) pipe emergency spillway is shown. Paul Crespin (maintenance unit Union Pacific Railroad) was not previously aware of the flow in the culvert. During the inspection, it was noted that a similar sized culvert was in the opposite embankment of the dryer pond and that the pipeline used to connect across the pond. Indeed, fragments of the culvert were noted in a pile of fill cleared from the pond in 1997 during the pond enlargement. The culvert on the opposite end of the pond is buried underneath railroad tracks, but appears to connect with the plant pumphouse in the auxilliary pond. See further discussion under item 11, comtemporaneous reclamation.

4.d Hydrologic Balance: Water Monitoring

Monitoring parameters are noted in Sec. 7.23 of the MR. Monitoring locations are shown on Hydrologic Map E9 33451A. Table 7.24-2 for groundwater and Table 7.24-5 for surface water. Water sampling for the 3rd quarter was conducted August 11. Surface water monitoring indicates that TDS values do not change above and below the disturbed area along the Price River, but there is a slight increase in the TSS (3,642 mg/L upstream and 4,354 mg/L downstream) of the pumphouse reclamation. Groundwater measurements of TDS do not change from the off site GW - 1 location to the location below the clearwater pond (GW-4). Because of the inflow into the dryer pond, groundwater depths were noted. Upstream GW-4, 2,000 ft northwest of the dryer pond, showed a groundwater depth of 11.54 ft below the surface. Downstream, GW-7 1,500 ft. southeast of the dryer pond, the depth of groundwater was similar at 11.26 ft. below the surface. The groundwater is just 8.34 ft. below the surface at GW-12 500 ft. northeast of the dryer pond. Yet, 250 ft. southwest of the dryer pond, the groundwater was 12.56 ft. below the surface (GW-10).

4.e Hydrologic Balance: Effluent Limitations

UPDES permit #UTGO40010 was issued 4/24/2003. A letter from the Permittee to the DEQ indicates that there was no discharge at any of the six discharge points in October or November 2005. Discharge points are 003A, 004A, 005A, 006A, 007A, 008A (fissure).

7. Coal Mine Waste, Refuse Piles, Impoundments

Mark Page, Division Water Rights dam safety inspection report dated 9/15/05 indicates that the woody plants on the slope of the embankments will pose a stability hazard, should the slurry ponds be active in the future.

The two MSHA waste piles (#12 11 UT 90 00099-01 and 05) are inactive and last inspected August 22, 2005 by Mr. Dan Guy, P.E. with Blackhawk Engineering.

9. Protection of Fish, Wildlife and Related Environmental Issues

A flock of bluebirds was hovering around the dryer pond. A herd of 40 - 50 antelope was grazing nearby on the property.

11. Contemporaneous Reclamation

Demolition of the plant pumphouse is described in Section 5.26 of the MRP. The foundation of this structure and "pipeline end" was retained for future use. The location of the plant pumphouse structure was removed from Map E9-3341, but is shown on a previous version of the plate. The foundation of the plant pumphouse within the auxiliary pond was photographed during the site visit.

A buried clearwater pipeline is also described in Sec. 5.26. The buried pipeline is noted on Map E9-3341, but the location of the pipeline was omited from the map. Section 5.30 of the MRP describes the filling of the auxilliary pond with water directly from the clear water pipeline. The clear water pond is across the Price River near the river pumphouse.

The Map E9-3341 must be improved by inclusion of a legend, the plant pumphouse foundation, and the location of the full length of the buried clear water pipeline. (This may require that the Permittee look through archived plans.)

The river pumphouse was reclaimed in the Fall of 2005. During this activity, a buried pipe was removed from the east side of the Price River. This may have connected to the buried clear water pilpeline described as AA on Map E9-3341. A cement dam across the Price river and a cistern remain at the river pumphouse location. The depth to wateri n the cistern was estimated at approximately 5 - 8 ft. below the surface. The area is boggy.

15. Cessation of Operations

Wellington Preparation Plant has been inactive since 1996. Buildings and structures were removed from the west side of the site prior to 1999. The Covol activity on the east side of the site (at the slurry ponds) ended in 2002 and was reclaimed in 2004/5.

16.a Roads: Construction, Maintenance, Surfacing

The road to the slurry pipeline pond has been repaired and the road ditch cleared.

16.b Roads: Drainage Controls

The topsoil pile #4 access road has been graded to direct flow to straw bales at the end of the road.

19. AVS Check

A meeting on December 20, 2005 was held in Slat Lake City between Mr. Collins, Ms. Pam Grubaugh-Littig, and myself to discuss the requirements for updating the Applicant Violator System (AVS) information. Mr. Collins was asked to provide "end" dates for persons in the AVS, but no longer acting in the capacity indicated in the AVS. The end dates must be certified as true and correct by the Corporate Secretary (Mr. Eastman). In addition, Mr. Collins was asked to provide the names and contact information for the current officers and directors (along with their "begin" dates) for Nevada Power, Sierra Pacific Resources. This information must also be certified by the corporate Secretary. The information for NEICO officers was previously provided with the 2004 Annual Report. Mr. Collins was asked to clarify the Employee Identification Number and address of John E. Brown, Nevada Power as there are currently three other John Browns in the AVS. Finally, Mr. Collins will provide a diagram of the sorporate family tree in the MRP showing the organization structure of Sierra Pacific Resources, Nevada Power, and NEICO.